

**NEBRASKA INVESTMENT COUNCIL  
MINUTES OF THE MEETING OF  
February 12, 2009**

A special video conference meeting of the Nebraska Investment Council, convened at 11:15 a.m. at the Lincoln Executive Building, Lincoln, NE, Omaha State Office Building, Omaha, NE, and Northeast Community College, Norfolk, NE.

Public notice was posted on the Nebraska Public Meeting Calendar on February 9, 2009, and published in the Lincoln Journal Star on February 11, 2009. Ms. Werner-Robertson chaired the meeting and Ms. Dawes recorded the minutes.

**MEMBERS PRESENT:**

Ms. Gail Werner-Robertson, Chairman  
Dr. Richard DeFusco  
Mr. John Maginn (departed at 12:05 p.m.)  
Mr. John Dinkel  
Mr. Norm Riffel (participated by phone from 11:15 a.m. to 12:36 p.m.)  
Treasurer Shane Osborn (departed at 12:05 p.m.)  
Ms. Phyllis Chambers

**NONMEMBERS IN ATTENDANCE:**

Mr. David Bomberger, State Investment Officer  
Ms. Kathy Dawes, Council Secretary  
Mr. Joe Jurich, Nebraska Investment Council  
Mr. Christopher Heinrich, Harding & Shultz  
Mr. Kevin Vandolder, Ennis Knupp + Associates  
Mr. Brett Nelson, Ennis Knupp + Associates  
Mr. Rob Parkinson, Ennis Knupp + Associates  
Ms. Heather Christopher, Ennis Knupp + Associates  
Mr. Jeff Bullock, Ennis Knupp + Associates Mr. Jason Hayes, Deputy State Treasurer  
Mr. Gary Bush, DAS Budget

**ADVISE THE PUBLIC THAT THE OPEN MEETINGS LAWS APPLY: 11:15 a.m. to 11:17 a.m.** Ms. Robertson stated that copies of the Open Meetings Act are located at all video conference sites.

**COUNCIL MEMBER BUSINESS AND APPOINTMENT OF SEARCH COMMITTEE: 11:17 a.m. to 11:25 a.m.** Ms. Werner-Robertson welcomed everyone and thanked them for arranging their schedules to attend today's meeting. Ms. Werner-Robertson stated that Mr. Riffel would be joining the meeting by phone. Ms. Werner-Robertson indicated that the purpose of today's special meeting is to discuss the resignation of the State Investment Officer, to appoint an Acting State Investment Officer, and to appoint a Search Committee.

Ms. Werner-Robertson stated that she was sorry to have to accept Mr. Bomberger's resignation. Mr. Bomberger has accepted a position with the Colorado Public Employees Retirement Association effective March 1, 2009, and would be resigning as SIO effective February 28, 2009. Ms. Werner-Robertson thanked Mr. Bomberger for his service and leadership to the Council. She stated that with Mr. Bomberger leaving, the Council will have some big shoes to fill, but needs to move forward on filling the position.

After discussion by the Council, Mr. Dinkel made the following motion:

Pursuant to the powers vested in the Council under the Governance Policy, I, John Dinkel, move to establish an ad hoc committee (the "Committee") for the purpose of assisting the Council with the search for a permanent state investment officer ("SIO"). The goal of the Committee shall be to develop a list of qualified candidates for the SIO position and present such list of candidates to the Council for its consideration as soon as practicable.

The Council may, by separate motion, arrange for the retention of an external search firm, which shall assist the Committee and Council in identifying qualified candidates for the SIO position.

The Committee shall not hold hearings, make policy or take formal action on behalf of the Council.

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Pursuant to powers vested in the Council Chair under the Code of Ethics, Policy on Conflicts and Council Procedures, Chairwoman Gail Werner-Robertson has appointed, and I, John Dinkel, move that the Council consent, to the following members of the Committee:

1. John L. Maginn
2. Richard A. DeFusco
3. Phyllis Chambers (ex officio)

After discussion by the Council, Dr. DeFusco seconded the motion. Mrs. Werner-Robertson called for a roll call vote.

VOTING AYE:	Dr. DeFusco
	Mr. Maginn
	Mr. Dinkel
	Ms. Werner-Robertson

ABSENT NOT VOTING:	Mr. Riffel
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The motion carried.

Ms. Werner-Robertson thanked those members for their willingness to serve on the SIO Search Committee.

**AUTHORIZE SEARCH COMMITTEE TO RETAIN A SEARCH FIRM: 11:25 a.m. to 11:39 a.m.** Ms. Werner-Robertson informed the Council that she has informed Governor Heineman about Mr. Bomberger's resignation and requested his approval to retain a search firm to conduct a national search for a successor SIO. Ms. Werner-Robertson indicated the request was approved by the Governor.

Mr. Bomberger reviewed the budget with the Council and discussed what resources are available for the search. Following discussion by the Council, Mr. Maginn made the following motion:

The Chairwoman shall be authorized to enter into a contract on behalf of the Nebraska Investment Council (the "Council") to retain an external search firm to assist with the hiring of a SIO.

The ad hoc SIO Search Committee shall review the available external search firms and make a recommendation to the Chairwoman using the following criteria:

- 1) experience in assisting public plan sponsors in selecting senior investment professionals;
- 2) experience of professional staff;
- 3) competitive fees; and
- 4) demonstrated success in filling senior level positions.

The Chairwoman may execute and deliver a contract on behalf of the Council with an external search firm that meets the criteria set forth above and after such contract has been reviewed and approved by legal counsel for the Council. For purposes of clarification, nothing in this motion shall require the SIO Search Committee to use an external search firm.

Dr. DeFusco seconded the motion. Ms. Werner-Robertson called for a roll call vote.

VOTING AYE:	Mr. Maginn
	Mr. Dinkel
	Ms. Werner-Robertson
	Dr. DeFusco

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ABSENT NOT VOTING:                      Mr. Riffel

The motion carried.

**EXECUTIVE SESSION: 11:39 a.m. to 12:01 p.m.** Mr. Maginn moved to enter closed session. The subject matter of the closed session is to (1) discuss the qualifications of the candidate for the position of state investment officer; and (2) discuss the compensation related thereto.

The reason for the closed session is to (a) prevent needless injury to the reputation of the candidate, and (b) protect the public interest by keeping compensation strategy discussions confidential. Mr. Dinkel seconded the motion. Ms. Werner-Robertson called for a roll call vote.

VOTING AYE:                      Mr. Dinkel  
   Ms. Werner-Robertson  
   Dr. DeFusco  
   Mr. Maginn

ABSENT NOT VOTING:                      Mr. Riffel

The motion carried.

Ms. Werner-Robertson requested that only the voting and non-voting members of the Council, Mr. Bomberger, Mr. Heinrich, and Mr. Jurich be present and all others in attendance were excused.

At 12:01 p.m. Dr. DeFusco moved that the Council return to open session. Mr. Dinkel seconded the motion. Ms. Werner-Robertson called for a roll call vote.

VOTING AYE:                      Mr. Maginn  
   Mr. Dinkel  
   Ms. Werner-Robertson  
   Dr. DeFusco

ABSENT NOT VOTING:                      Mr. Riffel

The motion carried.

**APPOINTMENT OF ACTING STATE INVESTMENT OFFICER: 12:01 p.m. to 12:05 p.m.** Mr. Maginn made the following motion:

To appoint Joe Jurich as Acting State Investment Officer ("Acting SIO") effective upon the effective date and time of the resignation of the current state investment officer, David L. Bomberger.

The Acting SIO shall continue to serve as the Acting SIO until such time the Council hires a permanent state investment officer ("SIO") and such person begins his or her employment as SIO, or upon the voluntary or involuntary termination of employment of the Acting SIO.

Pursuant to discussions held with the State Personnel Director (the "Personnel Director") prior to this meeting, the Acting SIO shall, during the period the Acting SIO serves in such capacity, be considered a classified employee temporarily serving in a non-classified capacity. The Acting SIO shall continue to receive pay increases provided to other employees in the personnel system. Upon termination of this temporary classification, Mr. Jurich shall be returned to his original classification with such pay increases provided to other employees in the personnel system during such time he served as Acting SIO. The Acting SIO shall continue to receive all other benefits currently provided to Mr. Jurich as an employee in the state personnel system, or such benefits as may be offered to other state employees while serving as Acting SIO. The temporary salary of Mr. Jurich while serving as the Acting SIO shall be \$ 100,000.00 per year.

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The compensation arrangement with Mr. Jurich shall be contingent upon approval by the Personnel Director.

If necessary, the Chairwoman is authorized on behalf of the Council to enter into any written agreement with the Acting SIO to further memorialize the terms and conditions of the agreement with Mr. Jurich to serve as Acting SIO consistent with this motion.

Dr. DeFusco seconded the motion. Ms. Werner-Robertson called for a roll call vote.

VOTING AYE:	Mr. Dinkel Ms. Werner-Robertson Dr. DeFusco Mr. Maginn
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ABSENT NOT VOTING:	Mr. Riffel
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The motion carried.

Mr. Maginn left the meeting at 12:05 p.m.

Treasurer Osborn left the meeting at 12:05 p.m.

**DISCUSSION OF ENNIS KNUPP'S SCOPE OF EXPANDED SERVICES DURING TRANSITION: 12:05 p.m. to 12:44 p.m.** Ms. Werner-Robertson stated that Ennis Knupp may be able to provide additional support during the transition period. Ms. Werner-Robertson indicated that Ennis Knupp will be providing a written scope of the additional support that they can provide due to the SIO leaving and the Agency working with one less staff member. Ennis Knupp would support the Acting SIO with the critical support necessary for the SIO and the Council to fulfill its fiduciary duties. Mr. Bomberger informed the Council that Mr. Jurich, Ms. Winkler, and he would be meeting with Ennis Knupp on February 16<sup>th</sup> and would be discussing the Agency's current investment processes and procedures. Mr. Vandolder indicated that Ennis Knupp would prepare an overview of their proposal for the Council's consideration at the February 18, 2009, Council meeting. Ms. Werner-Robertson stated that it is extremely important that the Council have the expertise and resources available during the transition period.

Mr. Riffel disconnected at 12:36 p.m.

**PUBLIC COMMENT ON THE AGENDA: 12:44 p.m. to 12:45 p.m.** Ms. Werner-Robertson asked if there was any public comment on the agenda. There was no public comment on the agenda.

At 12:45 p.m. Dr. DeFusco moved to adjourn the meeting. Mr. Dinkel seconded the motion. Ms. Werner-Robertson called for a roll call vote.

VOTING AYE:	Dr. DeFusco Mr. Dinkel Ms. Werner-Robertson
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ABSENT NOT VOTING:	Mr. Maginn Mr. Riffel
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The motion carried.

  
Kathy Dawes, Secretary